— Banks have laid down documents on loan policy, recovery policy prescribing the manner of recovery of dues, norms for permitted sacrifices/waiver etc.

— Reduction of NPAs, through compromise/write offs through negotiated settlements to ensure maximum recovery at minimum expenses on the basis of a banks have been permitted to set up independent Settlement Advisory Committees headed by retired Judge of the High Court to scruitinise and recommend compromise proposals.

— Banks have set up Settlement Advisory Committees for NPAs in small Scale Sector including Trading and Personal Segment and Agricultural Sector.

— Recovery Cells have been set up at Head Offices. Targets are fixed for various levels and recovery performance is monitored closely at all levels.

— Board of Directors review top 300 NPAs of banks with special reference to the system prevailing in the banks to fix staff accountability.

— The banks are advised individually to bring specific improvements in credit management, recovery of NPAs, improvement of profitability etc., and the performance should be monitored periodically by the 'banks' top management as also the Board.

**Recommendations of Malhotra Committee on reforms in insurance sector**

692. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have examined all the recommendation* of the Malhotra Committee on Reforms in the insurance sector particularly those rolating to making of provision for State level Co-operatives to set up co-operative societies for transacting life insurance business in these States at lower than normal capital requirement for them; and

(b) if so, what are the likely details thereof, State-wise/UT-wise pertaining to minimum paid-up capital requirements?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) Yes, Sir

(b) The Insurance Regulatory & Development Authority (IRDA) Bill, 1999 introduced by the Government provides for issuing licences only to Indian insurance companies including joint-ventures. However, there is no prohibition for State level Co-operatives to setup an insurance company.

**Strategy to check growth of NPAs**

693. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether Public Sector Banks and Financial Institutions have jointly formulated a strategy to check the growth of NPAs in financial sector;

(b) if so, the details of the modalities worked out; and

(c) the estimated recovery of NPAs expected during the current financial year due to Joint strategy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) and (b) The following measures taken by the RBI help banks and financial institutions (FIs) share the information on defaulters and take into consideration the credentials of the defaulting borrowers at the time of examination of proposals for loans and advances:—

(i) RBI has put in place a scheme to collect details about borrowers of banks and FIs with outstandings aggregating Rs. 1 crore and above which are classified as "doubtful" or "loss" and accounts where suits are filed as on 31st March and 30th September each year and disseminate this information (on floppy diskettes) to the banks and FIs for their use.

(ii) RBI also publishes a list of borrowers (with outstandings aggregating Rs. 1 crore and above) against whom suits have